

Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 8, 2025

Company: **Hokuetsu Corporation**

Stock Exchange Listing: Tokyo

Stock Code: 3865

URL: <https://www.hokuetsucorp.com>

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Scheduled date of commencement of dividend payments: —

Supplementary documents for financial results: None

Results briefing: None

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the Three Months Ended June 30, 2025

(April 1, 2025 through June 30, 2025)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2025	72,354	(2.5)	3,261	6.7	3,603	(8.5)	2,186	(7.5)
Three months ended June 30, 2024	74,242	(1.4)	3,055	(57.4)	3,939	(55.2)	2,363	(62.6)

(Note) Comprehensive income: Three months ended June 30, 2025: -2,549 million yen (—%)

Three months ended June 30, 2024: 6,641 million yen (-28.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	13.00	12.99
Three months ended June 30, 2024	14.05	14.04

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	413,179	261,564	63.1
As of March 31, 2025	418,882	265,870	63.3

(Reference) Equity: As of June 30, 2025: 260,739 million yen

As of March 31, 2025: 265,052 million yen

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	—	11.00	—	11.00	22.00
Year ending March 31, 2026	—				
Year ending March 31, 2026 (forecast)		13.00	—	13.00	26.00

(Note) Revisions to dividend forecasts published most recently: None

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2026

(April 1, 2025 through March 31, 2026)

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter (cumulative)	150,000	0.4	8,000	(11.2)	9,000	(0.4)	6,000	(4.5)	35.67
Full year	303,000	(0.9)	18,000	(8.8)	21,000	11.9	15,000	(3.4)	89.18

(Note) Revisions to business forecasts published most recently: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement of prior period financial statements

(i) Changes in accounting policies due to amendment to accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements: None

(4) Shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (treasury stock included):

As of June 30, 2025	188,053,114 shares	As of March 31, 2025	188,053,114 shares
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(ii) Number of treasury stock at the end of the period:

As of June 30, 2025	19,834,023 shares	As of March 31, 2025	19,862,254 shares
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(iii) Average number of shares during period:

Three months ended June 30, 2025	168,203,597 shares	Three months ended June 30, 2024	168,150,884 shares
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*** Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)**

*** Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution regarding forward-looking statements)

The forward-looking statements such as forecasts of financial results contained in this material are based on information available to the Company at the time of the publication of this document and certain assumptions that the Company considers to be reasonable, and may differ materially from the actual results due to various factors. Refer to “1. Qualitative Information on Consolidated Operating Results for the Three-Month Period; (3) Qualitative Information Concerning Consolidated Earnings Forecasts” on page 4 of the accompanying materials for matters related to results forecasts.

*** This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

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1. Qualitative Information on Consolidated Operating Results for the Three-Month Period

(1) Qualitative Information Concerning Consolidated Operating Results

During the first three months of the current fiscal year, net sales were 72,354 million yen (down 2.5% year on year), mainly due to a decrease in sales volume of paper and a fall in sales prices in export sales. Operating profit was 3,261 million yen (up 6.7% year on year), ordinary profit was 3,603 million yen (down 8.5% year on year), and profit attributable to owners of parent was 2,186 million yen (down 7.5% year on year) chiefly due to higher pulp sales prices at overseas subsidiaries and the impact of foreign exchange rates.

The performance of major segments is as follows:

(i) Pulp and paper business

In the pulp and paper business, sales decreased due in part to a decline in sales volume of paper and lower sales prices in export sales. Profit increased chiefly due to higher sales prices of pulp at overseas subsidiaries.

As a result, the results of the pulp and paper business were as follows.

Net sales	65,785 million yen (down 3.4% year on year)
Operating profit	2,915 million yen (up 10.3% year on year)

(ii) Packaging/Paper processing business

In the packaging/paper processing business, sales and profit increased mainly due to price revisions of liquid containers and increased sales volume.

As a result, the results of the packaging/paper processing business were as follows.

Net sales	4,302 million yen (up 7.0% year on year)
Operating profit	58 million yen (up 36.3% year on year)

(iii) Other businesses

In other businesses, including the wood material business, construction business, logistics business and used paper wholesale business, sales increased due to a rise in external orders, especially in the wood material business. However, profit declined chiefly due to sharply rising logistics costs.

As a result, the results of other businesses were as follows.

Net sales	2,266 million yen (up 6.3% year on year)
Operating profit	222 million yen (down 4.6% year on year)

(2) Qualitative Information Concerning Consolidated Financial Position

Total assets decreased 5,703 million yen from the end of the previous fiscal year, to 413,179 million yen. This was mainly due to decreases of 3,345 million yen in cash and deposits, 3,203 million yen in notes and accounts receivable - trade, and contract assets, and 1,022 million yen in property, plant and equipment although merchandise and finished goods and raw materials and supplies increased by 1,774 million yen and 2,016 million yen, respectively.

Total liabilities decreased 1,397 million yen from the end of the previous year, to 151,615 million yen. This was attributable primarily to decreases of 3,498 million yen in notes and accounts payable - trade, 4,075 million yen in income taxes payable, and 1,635 million yen in provisions, which more than offset an increase of 6,777 million yen in interest-bearing liabilities.

Net assets fell 4,306 million yen from the end of the previous fiscal year, to 261,564 million yen. This mainly reflected a decrease of 4,808 million yen in foreign currency translation adjustment.

(3) Qualitative Information Concerning Consolidated Earnings Forecasts

No change has been made to the full-year financial forecasts announced on May 15, 2025.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2025	As of June 30, 2025
(Assets)		
Current assets		
Cash and deposits	27,644	24,298
Notes and accounts receivable - trade, and contract assets	67,694	64,490
Electronically recorded monetary claims - operating	9,381	9,288
Merchandise and finished goods	31,414	33,188
Work in process	3,320	2,883
Raw materials and supplies	34,716	36,732
Other	5,378	4,989
Allowance for doubtful accounts	(64)	(62)
Total current assets	179,486	175,809
Non-current assets		
Property, plant and equipment		
Buildings and structures	87,747	87,963
Accumulated depreciation	(58,718)	(59,102)
Buildings and structures, net	29,029	28,860
Machinery, vehicles, tools, furniture and fixtures	465,325	465,802
Accumulated depreciation	(399,709)	(401,320)
Machinery, vehicles, tools, furniture and fixtures, net	65,616	64,481
Other, net	27,342	27,623
Total property, plant and equipment	121,988	120,965
Intangible assets	3,232	3,157
Investments and other assets		
Investment securities	30,608	31,851
Shares of subsidiaries and associates	63,555	61,629
Other	20,217	19,968
Allowance for doubtful accounts	(205)	(202)
Total investments and other assets	114,175	113,246
Total non-current assets	239,396	237,369
Total assets	418,882	413,179

(Million yen)

	As of March 31, 2025	As of June 30, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	24,194	20,695
Electronically recorded obligations - operating	8,181	9,051
Short-term loans	27,170	19,133
Commercial papers	—	10,000
Income taxes payable	4,548	472
Provision	3,626	2,085
Other	14,283	14,117
Total current liabilities	82,005	75,555
Non-current liabilities		
Bonds payable	25,000	25,000
Long-term loans	35,198	40,101
Provision	1,779	1,684
Retirement benefit liability	3,467	3,459
Asset retirement obligations	2,243	2,224
Other	3,318	3,589
Total non-current liabilities	71,006	76,059
Total liabilities	153,012	151,615
Net assets		
Shareholders' equity		
Share capital	42,020	42,020
Capital surplus	44,957	44,957
Retained earnings	151,825	152,249
Treasury shares	(9,575)	(9,562)
Total shareholders' equity	229,228	229,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,741	10,093
Deferred gains or losses on hedges	59	30
Foreign currency translation adjustment	19,637	14,829
Remeasurements of defined benefit plans	6,385	6,118
Total accumulated other comprehensive income	35,824	31,072
Share acquisition rights	76	67
Non-controlling interests	741	757
Total net assets	265,870	261,564
Total liabilities and net assets	418,882	413,179

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
(First three-month period)

	(Million yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	74,242	72,354
Cost of sales	59,206	56,841
Gross profit	15,036	15,513
Selling, general and administrative expenses	11,981	12,252
Operating profit	3,055	3,261
Non-operating income		
Interest income	205	138
Dividends income	474	556
Share of profit of entities accounted for using equity method	—	84
Foreign exchange gains	488	—
Other	245	107
Total non-operating income	1,413	887
Non-operating expenses		
Interest expenses	177	195
Share of loss of entities accounted for using equity method	261	—
Foreign exchange losses	—	212
Other	90	137
Total non-operating expenses	529	545
Ordinary profit	3,939	3,603
Extraordinary income		
Gain on sales of non-current assets	1	10
Gain on sales of investment securities	173	—
Total extraordinary income	174	10
Extraordinary losses		
Loss on sales and retirement of non-current assets	354	311
Total extraordinary losses	354	311
Profit before income taxes	3,759	3,303
Income taxes - current	953	741
Income taxes - deferred	404	344
Total income taxes	1,358	1,085
Profit	2,400	2,217
Profit attributable to non-controlling interests	37	30
Profit attributable to owners of parent	2,363	2,186

Quarterly Consolidated Statements of Comprehensive Income
(First three-month period)

	(Million yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	2,400	2,217
Other comprehensive income		
Valuation difference on available-for-sale securities	308	529
Deferred gains or losses on hedges	21	10
Foreign currency translation adjustment	2,701	(3,223)
Remeasurements of defined benefit plans, net of tax	(299)	(296)
Share of other comprehensive income of entities accounted for using equity method	1,507	(1,786)
Total other comprehensive income	4,240	(4,766)
Comprehensive income	6,641	(2,549)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,592	(2,564)
Comprehensive income attributable to non-controlling interests	49	15

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes to Statements of Cash Flows)

The Company did not prepare quarterly consolidated statements of cash flows for the three months ended June 30, 2025. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the first three months under review are as follows: (Million yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	3,267	3,335
Amortization of goodwill	41	41

(Segment Information)

I. For the three months ended June 30, 2024

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	68,089	4,020	72,110	2,131	74,242	–	74,242
Intersegment sales or transfers	682	2	684	5,946	6,631	(6,631)	–
Total	68,772	4,023	72,795	8,078	80,874	(6,631)	74,242
Segment profit	2,642	43	2,685	233	2,919	135	3,055

(Notes) 1. “Other” includes business segments which are not included in the reportable segments, and includes wood material business, construction business, logistics business, and used paper wholesale business.

2. Adjustments of 135 million yen in segment profit mainly represent the elimination of intersegment transactions.

3. The segment profit has been adjusted to the operating profit stated in the quarterly consolidated statements of income.

II. For the three months ended June 30, 2025

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Pulp and paper business	Packaging/ Paper processing business	Total				
Net sales							
Sales to outside customers	65,785	4,302	70,088	2,266	72,354	–	72,354
Intersegment sales or transfers	721	3	725	6,274	6,999	(6,999)	–
Total	66,507	4,306	70,813	8,540	79,354	(6,999)	72,354
Segment profit	2,915	58	2,974	222	3,197	63	3,261

(Notes) 1. “Other” includes business segments which are not included in the reportable segments, and includes wood material business, construction business, logistics business, and used paper wholesale business.

2. Adjustments of 63 million yen in segment profit mainly represent the elimination of intersegment transactions.

3. The segment profit has been adjusted to the operating profit stated in the quarterly consolidated statements of income.